

HOUSE BILL 362  
By Newton

AN ACT to amend Tennessee Code Annotated, Title 4, Chapter 51, Part 1, relative to the state lottery. This act makes appropriations from the lottery for education account to the general shortfall reserve subaccount for an indefinite period of time.

WHEREAS, the One Hundred Third General Assembly enacted the Tennessee Education Lottery Implementation Law which included an intricate system of funding state lottery programs; and

WHEREAS, the funding system includes a lottery for education account and a general reserve subaccount within the lottery for education account which is funded by 5% of net lottery proceeds deposited into the lottery for education account from the inception of the lottery until the last quarter of the 2007-2008 fiscal year and is estimated to total nearly \$50,000,000 at such time; and

WHEREAS, the state lottery has produced significantly higher revenues for scholarships and other educational programs than originally estimated by various state agencies; and

WHEREAS, the unexpended balance of the lottery for education account is sufficient to fully fund the scholarship program providing additional opportunities for citizens to attend post-secondary educational institutions as well as fully fund the estimated lottery reserve at a level of \$50,000,000; and

WHEREAS, in the best interest of all lottery educational programs that have benefited, and will benefit, from the state lottery, this general assembly believes that now is the time to insure the programs' healthy future by immediately funding the general reserve subaccount within the lottery for education account at a level of \$50,000,000; now, therefore,

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 4-51-111(b), is amended by deleting subdivision (3)(B) in its entirety and by substituting instead the following:

(B) Except as provided in subdivision (b)(3)(D), the amount of the general shortfall reserve subaccount shall equal fifty million dollars (\$50,000,000). Prior to July 1, 2005, a transfer to the general shortfall reserve subaccount shall be made from the lottery for education account in an amount sufficient to raise the amount deposited into the subaccount prior to such transfer to a total of fifty million dollars (\$50,000,000). Thereafter, only an amount necessary to maintain the general shortfall reserve subaccount in an amount equal to fifty million dollars (\$50,000,000) shall be deposited into the subaccount.

SECTION 2. Tennessee Code Annotated, Section 4-51-111(b), is amended by deleting the last two sentences of subdivision (3)(C) and by substituting instead the following:

Five percent (5%) of net lottery proceeds shall be deposited into the lottery for education account each quarter until the amount of the general shortfall reserve subaccount equals fifty million dollars (\$50,000,000). Notwithstanding any provision of this subdivision (b)(3)(C) to the contrary, the program reduction and repayment provisions of this subdivision (b)(3)(C) shall not be triggered if amounts in excess of fifty million dollars (\$50,000,000) are recommended for appropriation pursuant to subdivision (b)(3)(D).

SECTION 3. Tennessee Code Annotated, Section 4-51-111(b), is amended by deleting from subdivision (3)(D) the language "provided that 'adequate funds' shall not be deemed to be available if such recommended appropriation would reduce the general shortfall reserve account below the accumulated total amount established by the provisions of subdivision (b)(3)(B)." and by substituting instead the following language:

provided that "adequate funds" shall not be deemed to be available if such recommended appropriation would reduce the general shortfall reserve account below fifty million dollars (\$50,000,000).

SECTION 4. This act shall take effect upon becoming a law, the public welfare requiring it.